

# **EXHIBIT**

# **104**

---

**From:** Evan Milazzo <emilazzo@fxcm.com> on behalf of Evan Milazzo  
**Sent:** Monday, September 13, 2010 05:03 PM  
**To:** John Wrobel; Janelle Lester; Joseph Del Broccolo; James Sanders  
**Cc:** Patricia Muchinsky; Thomas Porac; Grant Iriele  
**Subject:** FW: May Trade Data - Markups NZD/USD  
**Attachments:** MayMarkups.xls

Hi John,

One more note here. I'm not sure if my explanation was clear enough in my previous email about the reason that the accounting book will not be accurate. Multiple accounts in back office can be associated with a single accounting book. Furthermore, when we deal with a liquidity provider through our Citi Prime Brokerage relationship, the trades done with that liquidity provider are booked into an account in the name of Citi (on the Citi PB EE accounting book).

As an example, both AEES (John Dittami's company, aka EFFEX Capital) and JP Morgan are spokes to Citi. This means that we will book any trade done with either counterparty into the Citi PB account/accounting book. However, as you can see in the spreadsheet, we have different markups for AEES and JPM. The only way to accurately calculate the expected markup is to use the executing bank itself. That information is available in the EER reports only (not in the reports Tom and team used to create this report originally).

I've just spoken to Tom, and he'll need to re-run the reports and include a field from the EER report in order to identify the executing bank. Tom/Grant, the field is the Bank field in the EER report.

Thanks,  
Evan

---

**From:** Evan Milazzo  
**Sent:** Monday, September 13, 2010 4:49 PM  
**To:** John Wrobel; Vladimir Zaitsev; Patricia Muchinsky; Artem Batyushchenko; Raelyn Tsai  
**Cc:** James Sanders; Janelle Lester; Joseph Del Broccolo  
**Subject:** RE: May Trade Data - Markups NZD/USD

Hi Trish and Art,

This is a very important issue, so please provide feedback as soon as possible. The NFA has requested some reports from us that require us to show the difference between the rate of execution on a client order and the corresponding rate on the bank rate used to hedge that trade.

Because we were not archiving the actual configuration files with the EE markups, we've had to go back through emails to deduce the actual markups set on each pair from May 1 to May 31. Initially, we had sent compliance a markup table as of May 1, and a markup table as of May 31. The only change we noted during the month of May was on the weekend of May 21.

Today I've gone back through old emails, and I see that there was an additional request to change the markups on the weekend of May 14.

I have attached a spreadsheet that shows the markups for each pair and each of the exceptions for the periods from May 1 to May 14, May 16 to May 21, and May 23 to May 31.

Can you please double-check what I've compiled and report back any issues that you see?

Thanks,  
Evan

---

**From:** John Wrobel  
**Sent:** Monday, September 13, 2010 3:40 PM  
**To:** Evan Milazzo; Vladimir Zaitsev  
**Cc:** James Sanders; Janelle Lester; Joseph Del Broccolo  
**Subject:** RE: May Trade Data - Markups NZD/USD

What is expected from us by NFA is accurate markup data for the May data. We have two weeks to present the info to NFA and as we know the NFA has us in their crosshairs for the May data. We would make matters worse if we have to tell them that markup configurations changes are not stored and therefore the markup data presented to them may not be entirely accurate.

The accounting bank book is all I have to go by along with the markup spreadsheet. I am willing to put in the work to make it accurate, but we have to have data we can rely on. If I see the markup data below, what should Citi and banks mapped to Citi reflect as markup? I assume it would be 1.3 as default? Please let me know if there are any e-mails retrieved regarding the NZD/USD markup, but this would still be a problem across other pairs too. I would also suggest that we keep markup records going forward as this type of request may come in again.

FXCM	BNP Project 3
------	---------------

NZD/USD 13/1.3	10/1.0
DR 10/1.0	

Thanks,

John

---

**From:** Evan Milazzo  
**Sent:** Friday, September 10, 2010 4:02 PM  
**To:** Vladimir Zaitsev; John Wrobel  
**Cc:** James Sanders; Janelle Lester; Joseph Del Broccolo  
**Subject:** RE: May Trade Data - Markups NZD/USD

Hi Vovan,

Yes, that's the same source, so it unfortunately will not help in this case. John, I'm not certain what to suggest in this case. Using the accounting book as the identifier of a bank will not work, because we have multiple banks mapped to the Citi PB accounting book (all of the banks with which we have a PB relationship with Citi). Given the consistency of the 1 pip improvement on the trades prior to May 21, I would suggest that we probably had a mistake in the configuration (the markup should have been 1.3, but it was set to 1.2 instead).

I'm going to go back through emails to see if we can identify any requests for such a change.

Thanks,

Evan

---

**From:** Vladimir Zaitsev  
**Sent:** Friday, September 10, 2010 4:51 PM  
**To:** Evan Milazzo; John Wrobel  
**Cc:** James Sanders; Janelle Lester; Joseph Del Broccolo  
**Subject:** Re: May Trade Data - Markups NZD/USD

Hi Evan,

The only reliable one is to try and get it fro EER database as diff between bank and fxcm price. But I'm afraid it's the same source, isn't it ?

Vladimir

---

**From:** Evan Milazzo  
**To:** John Wrobel; Vladimir Zaitsev  
**Cc:** James Sanders; Janelle Lester; Joseph Del Broccolo  
**Sent:** Fri Sep 10 15:35:07 2010  
**Subject:** RE: May Trade Data - Markups NZD/USD

Vovan, can you please chime in here? Do we have any historical record of the markup configurations for BBO/Liquidity Manager?

---

**From:** John Wrobel  
**Sent:** Friday, September 10, 2010 3:05 PM  
**To:** Evan Milazzo; Vladimir Zaitsev  
**Cc:** James Sanders; Janelle Lester; Joseph Del Broccolo  
**Subject:** RE: May Trade Data - Markups NZD/USD

This creates a significant problem for us as I have been working off the Raelyn spreadsheet for weeks in order to provide NFA with markup data per order. If Citi PB was at 1.0 markup I would have expected to see that on the spreadsheet, as it is with GBP/USD for example. Same for Goldman and UBS. It sounds now that markup data on the spreadsheet is not entirely accurate, so what can I do now in order to present the most accurate info?

FXCM	BNP Project 3
GBP/USD 13/1.3	10/1.0
DR 10/1.0	
Citi 10/1.0	

---

**From:** Evan Milazzo  
**Sent:** Friday, September 10, 2010 1:44 PM  
**To:** John Wrobel; Vladimir Zaitsev  
**Cc:** James Sanders; Janelle Lester; Joseph Del Broccolo  
**Subject:** RE: May Trade Data - Markups NZD/USD

Hi John,

Yeah, I understand the issue. The problem is that we have no way of verifying what the actual markups applied were, because we don't store the configuration changes anywhere. The email chains and the spreadsheets that Raelyn sent were the only source of data for those dates. From what I can see as evidence in the spreadsheet:

BNP – markup was probably 1.3 on each side

DB – markup was probably 1.2 on each side

Citibank PB (EE) – this accounting book consists of a number of banks. I believe EES was definitely on a 1 pip markup on each side, and Citi may have been, as well.

Goldman – markup was probably 1.2 on each side

UBS – markup was probably 1.2 on each side

Thanks,

Evan

---

**From:** John Wrobel

**Sent:** Friday, September 10, 2010 2:19 PM

**To:** Evan Milazzo; Vladimir Zaitsev

**Cc:** James Sanders; Janelle Lester; Joseph Del Broccolo

**Subject:** RE: May Trade Data - Markups NZD/USD

Markups used were from the sheet Raelyn provided last month. Since most of the "inside" were being filled at 1.2 and we are listing markup at 1.3 I was wondering if the 1.3 adapter markup was not accurate (may1st-21st)

May 1st - EE

FXCM	BNP Project 3
NZD/USD 13/1.3	10/1.0
DR 1.0/1.0	

May 21st - EE

FXCM	BNP Project 3
NZD/USD 10/1.0	10/1.0

---

**From:** Evan Milazzo

**Sent:** Friday, September 10, 2010 12:57 PM

**To:** John Wrobel; Vladimir Zaitsev

**Cc:** James Sanders; Janelle Lester; Joseph Del Broccolo

**Subject:** RE: May Trade Data - Markups NZD/USD

Hi John,

From what I can see, almost all of the cases of the "inside markups" for NZD/USD happened before May 21, and the majority were for .1 pip. Also, most were executed on the CitiPB book, meaning that it could have been EES executing the trades at the same 1 pip markup as the top bank.

I don't really have any way to confirm whether the markups listed in the sheet were proper or not, though.

Thanks,

Evan

---

**From:** John Wrobel

**Sent:** Thursday, September 09, 2010 12:23 PM

**To:** Evan Milazzo; Vladimir Zaitsev

**Cc:** James Sanders; Janelle Lester; Joseph Del Broccolo

**Subject:** May Trade Data - Markups NZD/USD

Hello, in reviewing the executed orders for NZD/USD in the month of May 2010 we have identified 56% of the orders executed inside of our markup, 4% at markup, and 41% outside the markup. We used the markup data provided to us but the numbers indicate that a majority of the execution was to the benefit of the customer.

Before data such as this is provided to the NFA we would like a QC of the adapter markup for this pair (Column K). Since submitting this data as is will indicate price improvement for a majority of orders, contrary to what was communicated before as whole, we need a check of the markups. Column A represents the fill bank.

Thanks,

John Wrobel